

Economic Development Strategic Plan

Description

In the 25 to 30 years that state and local governments have practiced economic development, economic development theory and principles have become increasingly sophisticated. Tactics have evolved from early untargeted bidding competitions to attract any business that might be considering relocation to current efforts focused on developing and supporting a quality of life that makes a community attractive to individuals and companies. The preparation and use of a strategic economic development plan is an important step in assuring that investments in economic development efforts use precious local resources (dollars and time) effectively and efficiently. Most importantly, a strategic plan for economic development will provide communities with a rational, consistent, and defensible basis for determining which economic development opportunities to pursue and perhaps equally important which economic opportunities to decline.

A strategic economic plan should identify the community's economic assets and liabilities, describe its economic goals, delineate a plan for how to get there, and include a set of evaluative measures for both the planning effort and the resulting long-term outcomes. Economic plans do not need to be formally adopted.

Strategic economic development plan typically include four basic steps:

Document Historic and Current Conditions: The first step typically involves documenting the condition of the local economy and available resources. A community may also want to consider the pattern of previous economic development efforts.

To fully address the condition of the local economy the community must consider economic and demographic data as well as subjective impressions. Critical questions to be answered quantitatively include:

- what industries are growing (locally and regionally)
- what industries are large and thus important regardless of growth patterns (locally and regionally)
- what industries are in decline

Typically, these industry questions can be answered using employment and wage data. In addition to the industry data, communities must also consider demographic factors such as education and employment. These demographic data relate to the productivity and availability of the local work force. Those creating the economic development plan may want to consider both local and regional trends when collecting and analyzing the economic and demographic data. Much of the economic and demographic data necessary for the analysis is available at the Indiana Business Research Center web site <http://www.ibrc.indiana.edu/>.

Potential local resources to be considered include: financial capacity, organizational capacity, infrastructure and land availability and potential partnerships (locally and regionally). As with economic conditions, if local time and expertise is lacking, technical assistance can be obtained. An analysis of financial capacity should determine both the community's ability to absorb the annual costs associated with any staff associated with economic development and the community's capacity to support any investments or incentives recommended by the economic development plan. Organizational capacity includes both the personnel, if any, directly associated with economic development and the ability of other units of government to support economic development efforts. For example, the use of TIF would require additional effort on the part of the Auditor's office. An economic development plan should consider the current capacity and condition of local infrastructure, and identify any infrastructure improvements that will be necessary. Many communities choose to inventory vacant land parcels (and Brownfield sites and other land to be redeveloped) in order assist prospects with location decisions. Economic development planning and implementation should not be done in isolation, there are a variety of local public (i.e. schools and parks department), private (local utilities and prominent businesses) and not-for-profit organiza-

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tions (i.e. local Chamber of Commerce, United Way, and community foundations) and organizations (utilities, schools, arts organizations, parks departments), that have a stake in the community's economic future. Finally, the costs and benefits of economic growth do not typically limit themselves to governmental boundaries, as a result many regions have established economic development partnerships (formally or informally) and those creating the economic development plan may want to identify any potential regional partners.

A final consideration in at this point in the process is to review prior economic development efforts, determine the strengths and weakness of previous policies, and needed adjustments. When completed step 1 should help the community understand its relative organizational strengths and weakness, identify the types of businesses it is most likely to attract, and identify potential partners and resources.

Establish an Economic Vision and Goals: Starting with an understanding of the current conditions and future trends provided in the first step, the planning process could consider a strategic visioning process, perhaps contrasting where the participants believe the community will be in 10 to 20 years with no intervention and how the participants would like community to look in 10 to 20 years.

Develop Strategies and Action Steps: Once a consensus vision of the community's economic future has been identified, the participants need to carefully consider and identify the strategies and actions required to achieve that vision. The strategies and actions should be sensitive to the organizational and fiscal capacities of the community. Recommended strategies that are beyond current capacity levels should be accompanied by commitments to build the capacity to implement and sustain the recommendation. It is also recommended that the strategies and particularly the action steps be accompanied by assignments and timelines. Furthermore, the community may want to consider an annual economic development conference/retreat where the previous year's progress is reviewed and, if necessary adjustments are made.

Evaluate Progress and Adjust: A strategic economic development plan should not be a static document. The decades ahead are likely to continue to witness the rapid and dramatic changes in technology and business practices that have affected Indiana's economy in the past decade. As such it is important that the community continues to monitor progress against current goals and, as new data becomes available, to reconsider the appropriateness of the previously established goals and action steps.

Relevant Statutes

- There are not statutory requirements for general strategic planning for economic development.

Capacity Recommendations

A strategic plan for economic development can be completed in-house or with outside assistance from consultants or universities. Communities should consider the amount of staff time and expertise available internally to complete the plan and other responsibilities in making that determination.

Guidelines / Considerations for Implementation

Broad community support typically makes it easier to attract the resources necessary to implement the plan. When in doubt, it is wise to be inclusive.

- Make data as accessible and understandable as possible. Use graphics, such as charts and maps. It is important that the community understands and embraces a common understanding of current conditions and future trends.
- Strategies should be clear and concise. When possible, statements should describe the long-term outcome of successful implementation.

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- Patience is an ally in business attraction efforts. Often times the first opportunity isn't the best. Use the economic development plan to provide the basis for waiting for good opportunities and say decline opportunities that provide less value/impact than expected.
- Patience and inconsistency can be the enemy. Studies suggest that consistent public behavior that can be anticipated by the private sector is an important influence on investment. This is especially true in regards to timing of projects, do not let organization delays and inconsistencies affect timelines.

Example Ordinances

No example ordinances are available for this tool.

Example Studies

No example studies are available for this tool.

Helpful References and Links

- U.S. Economic Development Administration [<http://www.eda.gov/>] has a variety of resources including a Strategic Planning for Economic Development report.
- *Strategic Planning for Economic Development in Rural Areas and Small towns of Oklahoma* [<http://pods.dasnr.okstate.edu/docshare/dsweb/get/document-1630/f-859webpdf>], produced by Oklahoma State University, contains advice that could be useful in your community.
- Indiana Business Research Center [<http://www.ibrc.indiana.edu/>] provides much of the economic and demographic data necessary to complete analyses for strategic economic development planning

Helpful Contacts

A variety of organizations in Indiana are available to provide assistance. Many universities have research centers that provide data and planning assistance. Not-for-profits such as the Indiana Association for Community and Economic Development, the Indiana Association of Cities and Towns, and the Indiana Association of Counties can either provide direct assistance or direct communities to peer communities.

- **Ball State University Center for Economic and Community Development** is a statewide public service unit of Ball State. The mission of the center is to help build self-sufficient communities within Indiana by increasing knowledge and capabilities of local professionals, government officials, and citizens.

Phone: (765) 285-1588

Fax: (765) 285-4989

Website: <http://www.bsu.edu/cecd/>

E-mail: cecd@bsu.edu

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- **Community Based Projects (CBP)** – Ball State University's College of Architecture and Planning hosts an outreach and service program that specializes in providing technical assistance on a variety of small town and rural issues, including comprehensive plans. Services are available from CBP at lower rates than typical consultants or they are offered for free depending upon project type. Contact CBP staff for more information regarding services and fees.

Community Based Projects
College of Architecture and Planning
Ball State University
Muncie, IN 47306
cbp@bsu.edu
<http://www.bsu.edu/cbp/>

- **Center for Urban Policy and the Environment** – As part of the School of Public and Environmental Affairs at IUPUI, this organization can assist in a variety of planning related matters.

334 N. Senate Avenue, Suite 300
Indianapolis, IN 46204
Tel: 317-261-3000
Fax: 317-261-3050
urbanctr@iupui.edu
<http://www.urbancenter.iupui.edu/AboutTheCenter/>

- **Center for Applied Research and Economic Development (CARED)** offers project assistance to companies, organizations, and non-profits with projects ranging from a market research project to noise reduction research. CARED can also connect interns and coops with those requesting assistance. Call, email or complete the project request form found at www.usi.edu/extserv/cared/contact.asp and set up an appointment for an exploratory meeting.

Dr. Susan Ellspermann, Director
Center for Applied Research and Economic Development
University of Southern Indiana
8600 University Blvd
Evansville, IN 47712
Email: sellsperma@usi.edu
Phone: 812/461-5407
Website: www.usi.edu/extserv/cared/projectassistance.asp

- **Association of Indiana Counties** is a nonprofit organization that provides technical assistance and training for county officials and employees.

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Indianapolis, IN 46204
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Fax: 317.684.3713
www.indianacounties.org
aic@indianacounties.org

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Funding Sources

Local community foundations may be a source of funding for a variety of local planning efforts. Communities can locate their local foundation at <http://www.indianagrantmakers.org/locator/>. The availability of funds is dependent on each foundation's local priorities and resources.

Program Objectives and Issues Addressed

- Economic development
- Redevelopment of existing underutilized areas

See Also

N/A